



# Calculating Class I Price



**1** Advanced Component Price + Differential = **Base Class I Skim Milk Price** (\$/cwt)

**Average of Advanced Class III and Class IV Skim Milk Pricing Factor** (\$/cwt) + **\$0.74** (\$/cwt)

**2** Advanced Commodity Price - Make Allowance x Yield = Advanced Component Price

**Advanced Butter Price** (\$/lb) - **\$0.1715** (\$/lb) x **1.211** (lb butter/lb butterfat) = **Advanced Butterfat Pricing Factor** (\$/lb)

**3** Calculated in Step 1 x Yield + Calculated in Step 2 x Yield = Advanced Class Price

**Base Class I Skim Milk Price** (\$/cwt) x **0.965** (cwt skim/cwt milk) + **Advanced Butterfat Pricing Factor** (\$/lb) x **3.5** (lb butterfat/cwt milk) = **Base Class I Price** (\$/cwt)

# Calculating Class I Price: Details



*Monthly advanced commodity prices and the Base Class I Price are announced on or before the 23rd day of the preceding month and use the most recent two weeks of price data available at that time. Monthly final prices are announced on or before the 5th of the following month and use the most recent four or five weeks of price data since the last publication of Class and Component Prices.*

*Class prices are announced as dollars per hundredweight. CWT= hundredweight, 100 pounds.*

## Formula Details

**1** To calculate the Base Class I Skim Milk Price, both the Class III and IV Advanced Skim Milk Pricing Factors must be calculated. These calculations are identical to those used to compute the Class III and IV Skim Milk Prices announced on or before the 5th of the following month, except for the time series of data used. The average of the Advanced Class III and IV Skim Milk Pricing Factors, plus \$0.74, determines the Advanced Base Class I Skim Milk Price.

**2** **\$0.1715** = Manufacturing cost to produce 1 pound of butter, excluding cost of raw milk (\$/lb).  
**1.211** = Factor representing pounds of butter that can be made from 1 pound of butterfat (lb butter/lb butterfat).  
To calculate the Advanced Butterfat Pricing Factor, use the Butter Price from the Advanced Prices and Pricing Factors series released on or before the 23rd of the preceding month. This price series uses the most recent two weeks of price data available at that time.

**3** **0.965** = 96.5 pounds of skim in 100 pounds of milk (cwt skim/cwt milk).  
**3.5** = 3.5 pounds of butterfat in 100 pounds of milk (lb butterfat/cwt milk).

*For more information on the Price Formulas, visit*

**[www.ams.usda.gov/resources/price-formulas](http://www.ams.usda.gov/resources/price-formulas)**

*For more information on Advanced Prices & Pricing Factors and Class & Component Prices, visit **[www.ams.usda.gov/rules-regulations/mmr/dmr](http://www.ams.usda.gov/rules-regulations/mmr/dmr)***

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